

No.

TAXES

The Co-ownership Contractual Schemes (Tax) Regulations 2024

Made - - - -

Coming into force

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The Treasury make these Regulations in exercise of the powers conferred by section 103C of the Taxation of Chargeable Gains Act 1992(a), section 41 of the Finance (No. 2) Act 2017(b) and section [x] of the Finance (No.2) Act 2024(c).

PART 1

Preliminary matters

Citation and commencement

1.—(1) These Regulations may be cited as the Co-ownership Contractual Schemes (Tax) Regulations 2024.

(2) These Regulations come into force on [x].

PART 2

Co-ownership contractual schemes: Tax

Chapter 1

Finance Act 1986 and Finance Act 1999

Stamp duty reserve tax: exceptions

2. In section 90 of FA 1986(d)—

(a) in subsection (7B)—

(i) in paragraph (a)(i) for “an authorised” substitute “a co-ownership”,

(a) 1992 c. 12. Section 103C was added by section 36(3) of the Finance Act 2012 (c. 14).

(b) 2017 c. 32.

(c) 2024 c. *.

(d) 1986 c. 41. Section 90 was amended by various statutory provisions. Subsections 7B and 7C were added by regulation 3 of the Stamp Duty and Stamp Duty Reserve Tax (Collective Investment Schemes) (Exemptions) Regulations 2013 (S.I. 2013/1401).

- (ii) for paragraph (a)(ii) substitute—
 - “(ii) in relation to a co-ownership contractual umbrella scheme, transfers between sub-schemes;”, and
- (iii) in paragraph (b) for “an authorised” substitute “a co-ownership”;
- (b) after subsection (7B) insert—
 - “(7BA) In subsection (7B) and this subsection—
 - “authorised contractual scheme” has the meaning given in section 237(3) of the Financial Services and Markets Act 2000(a);
 - “co-ownership contractual scheme” means—
 - (a) an authorised contractual scheme, or
 - (b) a Reserved Investor Fund (Contractual Scheme);
 - “co-ownership contractual umbrella scheme” means a co-ownership contractual scheme—
 - (a) which provides arrangements for separate pooling of the contributions of participants and of the profits or income out of which payments are to be made to them, and
 - (b) under which the participants are entitled to exchange rights in one pool for rights in another;
 - “depository” has the meaning given in section 237(2) of the Financial Services and Markets Act 2000;
 - “Reserved Investor Fund (Contractual Scheme)” has the meaning given by section [x] of the Finance (No.2) Act 2024;
 - “sub-scheme”, in relation to a co-ownership contractual umbrella scheme, means such of the arrangements as relate to a separate pool;
 - “units” has the meaning given in section 237(2) of the Financial Services and Markets Act 2000.”;
- (c) omit subsection (7C).

Stamp duty: exemptions

- 3. Paragraph 25A of Schedule 13 to FA 1999 (b) is amended as follows—
 - (a) in sub-paragraph (1) in the words before paragraph (a) omit “on”;
 - (b) in sub-paragraph (1)(a)—
 - (i) at the beginning insert “on”, and
 - (ii) for “an authorised” substitute “a co-ownership”;
 - (c) for paragraph (b) substitute—
 - “(b) in relation to a co-ownership contractual umbrella scheme, on transfers between sub-schemes;”;
 - (d) in sub-paragraph (1)(c)—
 - (i) at the beginning insert “on”, and
 - (ii) for “an authorised” substitute “a co-ownership”;

(a) 2000 c. 8. The definition of “authorised contractual scheme” was inserted in section 237(3) by regulation 3(6)(c)(i) of the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (S.I. 2013/1388). Section 261D(1) (which is referred to in that definition) was inserted by regulation 3(12) of those Regulations.

(b) 1999 c. 16. Paragraph 25A was added by regulation 5 of SI 2013/1401.

(e) after sub-paragraph (1) insert—

“(1A) In sub-paragraph (1) and this sub-paragraph—

“authorised contractual scheme” has the meaning given in section 237(3) of the Financial Services and Markets Act 2000;

“co-ownership contractual scheme” means—

- (a) an authorised contractual scheme, or
- (b) a Reserved Investor Fund (Contractual Scheme);

“co-ownership contractual umbrella scheme” means a co-ownership contractual scheme—

- (a) which provides arrangements for separate pooling of the contributions of participants and of the profits or income out of which payments are to be made to them, and
- (b) under which the participants are entitled to exchange rights in one pool for rights in another;

“depository” has the meaning given in section 237(2) of the Financial Services and Markets Act 2000;

“Reserved Investor Fund (Contractual Scheme)” has the meaning given by section [x] of the Finance (No.2) Act 2024;

“sub-scheme”, in relation to a relevant contractual umbrella scheme, means such of the arrangements as relate to a separate pool;

“units” has the meaning given in section 237(2) of the Financial Services and Markets Act 2000.”;

(f) omit sub-paragraph (2).

Chapter 2

Taxation of Chargeable Gains Act 1992

Collective investment schemes

4.—(1) TCGA 1992(a) is amended as set out in this regulation and in regulations 5 and 6.

(2) In section 99A(6) (treatment of umbrella schemes), after paragraph (a) insert—

“(aa) a Reserved Investor Fund (Contractual Scheme),”

(3) After section 103C insert—

(a) 1992 c. 12. Section 99A was added by section 118(3) of the Finance Act 2004 (c. 12). The section was amended by regulation 8 of the Collective Investment Schemes (Tax Transparent Funds, Exchanges, Mergers and Schemes of Reconstruction) Regulations 2013 (S.I. 2013/1400) and paragraph 1 of Schedule 42(3) of the Finance Act 2004. Section 103C was added by section 36(3) of the Finance Act 2012. Section 103D was substituted by regulation 6 of the Collective Investment Schemes and Offshore Funds (Amendment of the Taxation of Chargeable Gains Act 1992) Regulations 2017 (S.I. 2017/1204) and the section was amended by regulation 4(9) of the Capital Allowances (Structures and Buildings Allowances) Regulations 2019 (S.I. 2019/1087). Section 103E was added by regulation 11 of S.I. 2013/1400. Section 211B was added by regulation 4 of S.I. 2013/1400 and amended by regulation 8 of S.I. 2017/1204. Relevant amendments to section 212 are those made by paragraph 1 of Schedule 23(III)(8) to the Finance Act 1993 (c. 34), section 137 of the Finance Act 2006 (c. 25), paragraph 1 of Schedule 27(2)(8) to the Finance Act 2007 (c. 11), paragraph 1 of Schedule 27(2)(10) to the Finance Act 2007, regulation 127(3)(a) of, and paragraph 1 of Schedule 2 to, the Offshore Funds (Tax) Regulations 2009 (S.I. 2009/3001), paragraph 249 of Schedule 1(2) to the Corporation Tax Act 2010 (c. 4), paragraph 85 of Schedule 16(3) of the Finance Act 2012, regulation 5 of S.I. 2013/1400 and paragraph 56(1) of Schedule 2(12) to the Finance Act 2022 (c. 3). Subsection 288(8) was amended by section 118(4)(b)(i) of the Finance Act 2004, paragraph 26(1) of Schedule 12(3) to the Finance Act 2006, paragraph 202 of schedule 8(7) to the Taxation (International and Other Provisions) Act 2010 (c. 8), paragraph 148(3)(b) of Schedule 45(5) to the Finance Act 2013 (c. 29), regulation 7(c) of S.I. 2013/1400, regulation 10(b) of S.I. 2017/1204, paragraph 87(3) of Schedule 1(2) to the Finance Act 2019 (c. 1).

“103CA Unauthorised co-ownership schemes to be treated as partnerships

- (1) Subject to subsection (2), for the purposes of this Act, a co-ownership scheme (within the meaning given in section 103D) is treated as a partnership.
 - (2) Subsection (1) does not apply to an authorised contractual scheme or a Reserved Investor Fund (Contractual Scheme) (see instead section 103D).
 - (3) Where a co-ownership scheme is treated as a partnership under subsection (1), for the purposes of this Act—
 - (a) participants in the scheme are treated as partners,
 - (b) each partner’s interest in the assets of the partnership is treated as an asset for the purposes of this Act and accordingly (but subject to paragraph (c)) a partner’s units in the scheme are disregarded for those purposes, and
 - (c) the value of each partner’s interest in the assets of the partnership is to be determined on a just and reasonable basis having regard to the partner’s units in the scheme.
 - (4) Subsections (5) and (6) apply for the purposes of this Act at any time that a co-ownership scheme which is treated as a partnership under subsection (1) becomes an authorised contractual scheme or a Reserved Investor Fund (Contractual Scheme).
 - (5) Each partner is deemed to, immediately before the time that the scheme becomes an authorised contractual scheme or a Reserved Investor Fund (Contractual Scheme), have—
 - (a) sold their interest in the assets of the partnership, and
 - (b) reacquired that interest,at its market value at that time.
 - (6) Each participant in the scheme is treated as having acquired their units in the scheme—
 - (a) at the time the co-ownership scheme becomes an authorised contractual scheme or a Reserved Investor Fund (Contractual Scheme), and
 - (b) at their market value at that time.”
- (4) In section 103D (application of Act to tax transparent funds)—
- (a) in subsection (1), in the definition of “tax transparent fund”—
 - (i) at the end of paragraph (a) omit “or”,
 - (ii) at the end of that paragraph insert—
“(aa) a Reserved Investor Fund (Contractual Scheme), or”;
 - (b) in subsection (2)—
 - (i) at the end of the definition of “authorised contractual scheme” omit “and”, and
 - (ii) after the definition of “co-ownership scheme” insert—
““Reserved Investor Fund (Contractual Scheme)” has the meaning given by section [x] of the Finance (No.2) Act 2024.”
- (5) In section 103E(1) (application of Chapter), after paragraph (a) insert—
“(aa) a Reserved Investor Fund (Contractual Scheme),”.
- (6) In section 211B(1) (transfers of assets to certain collective investment schemes)—
- (a) at the end of paragraph (a)(i) omit “or”,

- (b) after that paragraph insert—
 - “(ia) a Reserved Investor Fund (Contractual Scheme), or”.
- (7) In section 212 (annual deemed disposal of holdings of unit trusts etc.)—
 - (a) in subsection (1), after paragraph (ba) insert—
 - “(bb) units in a Reserved Investor Fund (Contractual Scheme), or”, and
 - (b) after subsection (1) insert—
 - “(1A) For the purposes of computing the gain accruing on a deemed disposal under subsection (1) of units in an authorised contractual scheme which is a co-ownership scheme or of units in a Reserved Investor Fund (Contractual Scheme), subsections (3A) and (9) of section 103D (application of Act to tax transparent funds) do not apply.
 - (1B) But subsection (1A) does not affect the application of those subsections in the event that an insurance company actually disposes of units in such a scheme, and in such a case—
 - (a) section 103D(3A) applies in respect of all allowances under Part 2A of CAA 2001 to which the company has been entitled during the period it has held units in the scheme, and
 - (b) section 103D(9) applies in respect of all capital allowances and renewal allowances made to expenditure incurred during that period.”
- (8) In section 288(8) (interpretation), in the table, at the appropriate place insert—

“Reserved Investor Fund (Contractual Scheme)”	s 103D(2)”.
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Property rich collective investment vehicles

- 5.—(1) Schedule 5AAA to TCGA 1992(a) is amended as follows.
- (2) In the italic heading before paragraph 5 for “a CoACS” substitute “certain co-ownership schemes”.
- (3) In paragraph 5(1) after “co-ownership scheme” insert “, or a Reserved Investor Fund (Contractual Scheme)”.
- (4) In paragraph 12—
 - (a) in sub-paragraph (3)(a) after “CoACS” insert “or a RIF”,
 - (b) in sub-paragraph (4)(b) after “CoACS”, in both places it occurs, insert “or RIF”, and
 - (c) in sub-paragraph (8) after the definition of “CoACS” substitute—
 - ““RIF” means a Reserved Investor Fund (Contractual Scheme).”
- (5) In paragraph 21(5)(a) after “CoACS”, in both places it occurs, insert “or RIF”.

(a) Schedule 5AAA was added by paragraph 21 of Schedule 1(1) of the Finance Act 2019. Paragraph 12 was amended by regulation 9 of the UK Property Rich Collective Investment Vehicles (Amendment of the Taxation of Chargeable Gains Act 1992) Regulations 2020 (S.I. 2020/315) and regulation 7 of the UK Property Rich Collective Investment Vehicles (Amendment of the Taxation of Chargeable Gains Act 1992) Regulations 2021 (S.I. 2021/213). Paragraph 21 was amended by regulation 11 of S.I. 2020/315 and regulation 8 of S.I. 2021/213.

Exemptions for disposals by companies with substantial shareholding

- 6.—(1) Schedule 7AC(a) is amended as follows.
- (2) In paragraph 3B (subsidiary exemption: qualifying institutional investors)—
- (a) in sub-paragraph (4)(b)—
- (i) the words from the first “as” to the end become sub-paragraph (i), and
- (ii) after that sub-paragraph insert—
- “(ii) as including an exempt Reserved Investor Fund (Contractual Scheme) (and references to ordinary share capital, in the case of such a scheme, as references to units in the scheme).”;
- (b) after sub-paragraph (6) insert—
- “(6A) Sub-paragraph (6) does not apply in relation to a co-ownership scheme which is treated as a partnership under section 103CA (unauthorised co-ownership schemes to be treated as partnerships).”;
- (c) for sub-paragraph (7), substitute—
- “(7) In this Schedule—
- “exempt Reserved Investor Fund (Contractual Scheme)” means a Reserved Investor Fund (Contractual Scheme) which meets the exempt investor condition in regulation 27 of the Co-ownership Contractual Schemes (Tax) Regulations 2024;
- “exempt unauthorised unit trust” has the same meaning as in the Unauthorised Unit Trusts (Tax) Regulations 2013 (S.I. 2013/2819).”.
- (3) In paragraph 30A(1) (meaning of qualifying institutional investor), at the end insert—
- “(H) *Exempt Reserved Investor Fund (Contractual Scheme)*
- Exempt Reserved Investor Fund (Contractual Scheme) (within the meaning given by paragraph 3B(7)).”

Chapter 3

Capital Allowances Act 2001

Plant and machinery allowances

- 7.—(1) Part 2 of CAA 2001(b) is amended as follows.
- (2) In the italic heading before section 262AA omit “authorised”.
- (3) In section 262AA(1) and (4) (co-ownership schemes: carrying on qualifying activity) omit “authorised”.
- (4) Section 262AB (co-ownership schemes: election) is amended as follows—
- (a) in subsection (1) omit “authorised”;
- (b) in subsection (3)(b) after “2017” insert “in the case of a co-ownership contractual scheme which is a co-ownership authorised contractual scheme, or the date on which the Co-ownership Contractual Schemes (Tax) Regulations 2024 come into force in the case

(a) Schedule 7AC was added by paragraph 1 of Schedule 8(1) to the Finance Act 2002 (c. 23). Paragraphs 3B and 30A of Schedule 7AC were added by section 28 of the Finance (No. 2) Act 2017.

(b) 2001 c. 2. Sections 262AA, 262AB, 262AC, 262AD, 262AE and 262AF were added by section 40 of the Finance (No. 2) Act 2017. Section 262AB was amended by regulation 3 of S.I. 2019/1087. Section 262AEA was added by regulation 3(8) of S.I. 2019/1087.

of a co-ownership contractual scheme which is a Reserved Investor Fund (Contractual Scheme)”;

(c) in subsection (5), after “262AEA” insert “in the case of a co-ownership authorised contractual scheme”;

(d) after subsection (6) insert—

“(6A) An election under this section in respect of a co-ownership contractual scheme is not affected—

(a) in a case where, at the time of election, the scheme was a Reserved Investor Fund (Contractual Scheme), by the scheme becoming a co-ownership authorised contractual scheme, or

(b) in a case where, at the time of election, the scheme was a co-ownership authorised contractual scheme, by the scheme becoming a Reserved Investor Fund (Contractual Scheme),

and the application of this Chapter in respect of the scheme is not affected by any such change in the nature of the scheme.”.

(5) In section 262AC(1) and (4) (co-ownership schemes: calculation of allowance after election) omit “authorised”.

(6) In section 262AD(1) (co-ownership: effect of election for participants) omit “authorised”.

(7) In section 262AE(1) (co-ownership schemes: effect of election for purchasers) omit “authorised”.

(8) Section 262AEA (co-ownership schemes: withdrawal of election) is amended as follows—

(a) in the heading, after “Co-ownership” insert “authorised contractual”;

(b) in subsection (1)(a) for “the”, the first time it occurs, substitute “a co-ownership authorised contractual”.

(9) After section 262AEA insert—

“262AEB Co-ownership schemes: umbrella schemes

(1) In this section a “co-ownership contractual umbrella scheme” means a co-ownership contractual scheme—

(a) which provides arrangements for the separate pooling of the contributions of the participants and the profits and income out of which payments are to be made to them, and

(b) under which the participants are entitled to exchange rights in one pool for rights in another,

and any reference to part of a co-ownership contractual umbrella scheme is a reference to such of the arrangements that relate to a separate pool.

(2) For the purposes of this Part—

(a) each of the parts of a co-ownership contractual umbrella scheme is itself to be regarded as a co-ownership contractual scheme, and

(b) the co-ownership contractual umbrella scheme as a whole is not to be so regarded,

and the participants in the co-ownership contractual umbrella scheme are to be treated accordingly.”

(10) In section 262AF (co-ownership schemes: definitions relating to schemes)—

(a) for “262AE” substitute “262AEB”,

(b) in the definition of “operator” and “units” omit “authorised”, and

(c) after the definition of “participant” insert—

““co-ownership contractual scheme” means—

- (a) a co-ownership authorised contractual scheme, or
- (b) a Reserved Investor Fund (Contractual Scheme);

“Reserved Investor Fund (Contractual Scheme)” has the meaning given by section [x] of F(No.2)A 2024.”

Structures and building allowances

8.—(1) Part 2A of CAA 2001(a) is amended as follows.

(2) In the italic heading before section 270IC omit “authorised”.

(3) In section 270IC(1) and (4) (co-ownership schemes: carrying on qualifying activity) omit “authorised”.

(4) In section 270ID (co-ownership schemes: election)—

(a) in subsection (1) after “scheme”, in the first place it occurs, insert “, or a converted Reserved Investor Fund (Contractual Scheme),”, and

(b) after subsection (7) insert—

“(7A) In subsection (1)—

(a) a “converted Reserved Investor Fund (Contractual Scheme)” means a Reserved Investor Fund (Contractual Scheme) that was previously a co-ownership authorised contractual scheme, and

(b) the reference to an election having been made under section 262AB in respect of a converted Reserved Investor Fund (Contractual Scheme) is a reference to such an election having been made in respect of the scheme when it was a co-ownership authorised contractual scheme.

(7B) An election under this section in respect of a co-ownership authorised contractual scheme is not affected—

(a) in a case where, at the time of election, the scheme was a co-ownership authorised contractual scheme, by the scheme becoming a Reserved Investor Fund (Contractual Scheme), or

(b) in a case where, at the time of election, the scheme was a converted Reserved Investor Fund (Contractual Scheme), by the scheme becoming a co-ownership authorised contractual scheme,

and the application of this Chapter in respect of the scheme is not affected by such a change in the nature of the scheme.”.

(5) In section 270IE(1) and (4) (co-ownership schemes: calculation of allowance after an election) omit “authorised”.

(6) After section 270IE insert—

“270IEA Co-ownership schemes: umbrella schemes

Section 262AEB (co-ownership schemes: umbrella schemes) applies for the purposes of sections 270IC to 270IE as it applies for the purposes of Part 2.”

(a) Sections 270IC, 270ID and 270IE were added by regulation 2 of S.I. 2019/1087.

Chapter 4
Finance Act 2003

Stamp duty land tax: contractual schemes

- 9.—(1) In section 102A of FA 2003 (co-ownership authorised contractual schemes)(a)—
- (a) in the heading omit “authorised”;
 - (b) in subsection (2) omit “authorised”;
 - (c) after subsection (2) insert—
 - “(2A) In this Part, a “co-ownership contractual scheme” means—
 - (a) a co-ownership authorised contractual scheme, or
 - (b) a Reserved Investor Fund (Contractual Scheme).”;
 - (d) in subsection (3)—
 - (i) for “umbrella COACS” substitute “umbrella scheme”, and
 - (ii) omit “authorised”;
 - (e) in subsection (4) for “COACS” substitute “scheme”;
 - (f) in subsection (5)—
 - (i) for “COACS”, in both places it occurs, substitute “scheme”, and
 - (ii) omit “authorised”;
 - (g) in subsection (6) for “COACS” substitute “scheme”;
 - (h) in subsection (8), after the definition of “co-ownership scheme” insert—
 - ““Reserved Investor Fund (Contractual Scheme)” has the meaning given by section [x] of the Finance (No.2) Act 2024.”;
 - (i) in subsection (9) after “contractual scheme” insert “or a Reserved Investor Fund (Contractual Scheme)”;
 - (j) in subsection (10) omit “authorised”;
 - (k) in subsection (11) omit “authorised”;
 - (l) in subsection (12), in paragraph (a) of the definition of “operator” omit “authorised”.
- (2) In section 118(2) (meaning of “market value”)(b) for “COACS” substitute “co-ownership scheme”.
- (3) In section 122 (index of defined expressions)(c)—
- (a) in the table, in the first column for “COACS seeding relief” substitute “co-ownership scheme seeding relief”, and
 - (b) at the appropriate places insert—

(a) 2003 c. 14. Section 102A was added by paragraph 1 of Schedule 16(1) to the Finance Act 2016 (c. 24) and amended by regulation 11 of the Taxes (Amendments) (EU Exit) Regulations 2019 (S.I. 2019/689).

(b) Section 118 was renumbered as s118(1) and s118(2) and was added by paragraph 10 of Schedule 16(3) to the Finance Act 2016.

(c) Section 122 was amended by paragraph 5(6) of Schedule 39(1) to the Finance Act 2004, paragraphs 22(7) and 25(4) of Schedule 39(2) to the Finance Act 2004, paragraph 6 of Schedule 8 to the Finance Act 2005 (c. 7), paragraph 5 of Schedule 30 to the Finance Act 2008 (c. 9), paragraph 372 of Schedule 1 to the Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (Order 2009/56), paragraph 23 of Schedule 3(1) to the Scotland Act 2012 (c. 11), paragraph 8 of Schedule 39 to the Finance Act 2013, paragraph 7 of Schedule 40 to the Finance Act 2013, paragraph 12 of Schedule 1 to the Stamp Duty Land Tax Act 2015 (c. 1), paragraph 11 of Schedule 16(3) to the Finance Act 2016 and paragraph 4 of Schedule 16 to the Finance Act 2021 (c. 26).

“Reserved Investor Fund (Contractual Scheme) co-ownership contractual scheme	section 102A section 102A”.
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(4) In paragraph 2(6)(da) of Schedule 4A (stamp duty land tax: higher rate for certain transactions)(a) for “COACS” substitute “co-ownership scheme”.

(5) Schedule 9A (increased rates for non-resident transactions)(b) is amended as follows.

(6) In paragraph 7(4)(a) omit “authorised”.

(7) In the italic heading before paragraph 15 omit “authorised”.

(8) In paragraph 15, after sub-paragraph (2) insert—

“(3) A Reserved Investor Fund (Contractual Scheme) is not “non-resident” in relation to any chargeable transaction.”.

(9) In paragraph 11 of Schedule 17A (further provisions relating to leases)(c)—

(a) in sub-paragraph (3)(ba) for “COACS” substitute “co-ownership scheme”;

(b) in sub-paragraph (4) for “COACS” substitute “co-ownership scheme”;

(c) in sub-paragraph (5)(bb)—

(i) for “COACS” substitute “co-ownership scheme”, and

(ii) omit “authorised”;

(d) in sub-paragraph (6) for “COACS” substitute “co-ownership scheme”;

(e) in sub-paragraph (7) for “COACS”, in both places it occurs, substitute “co-ownership scheme”.

Stamp duty land tax: seeding relief

10.—(1) Part 4 of FA 2003(d) is amended as follows.

(2) In section 65A (PAIF seeding relief and COACS seeding relief)—

(a) for the heading substitute “Seeding relief”;

(b) in subsection (2)(b) for “(COACS seeding relief)” substitute “and Reserved Investor Funds (Contractual Schemes) (co-ownership scheme seeding relief)”;

(c) in subsection (5)—

(a) Schedule 4A was added by paragraph 4 of Schedule 35 to the Finance Act 2012 (c. 14). Paragraph 2 of Schedule 4A was amended by paragraph 7(2)(b) of Schedule 17 to the Finance Act 2021 [and] paragraph 12 of Schedule 16(3) to the Finance Act 2016 [and section 7(2)(a)(ii) of the Finance (No. 2) Act 2024].

(b) Paragraphs 7 and 15 of Schedule 9A were added by paragraph 5 of Schedule 16 to the Finance Act 2021.

(c) Paragraph 11 of Schedule 17A was added by paragraph 22(2) of Schedule 39(2) to the Finance Act 2004. Paragraph 11 was amended by paragraphs 7 and 12 of Schedule 10(1) to the Finance (No. 2) Act 2005 (c. 22), regulation 2 of the Stamp Duty Land Tax (Alternative Finance Investment Bonds) Regulations 2010 (S.I. 2010/814) and paragraph 14 of Schedule 16(3) to the Finance Act 2016.

(d) Section 65A was added by paragraph 3 of Schedule 16(2) to the Finance Act 2016. Section 81 was amended by section 302(5) of the Finance Act 2004, paragraph 17(3) of Schedule 39(2) to the Finance Act 2004, section 80(4)(b) of the Finance Act 2007, paragraph 1 of Schedule 27(4)(4) to the Finance Act 2007, paragraph 3 of Schedule 40 to the Finance Act 2013, paragraph 7 of Schedule 16(3) to the Finance Act 2016, section 46(4) of the Finance Act 2019, paragraph 2 of Schedule 17 to the Finance Act 2021, paragraph 3 of Schedule 23 to the Finance Act 2021 and paragraph 3 of Schedule 23 to the Finance (No. 2) Act 2023 (c. 30). Section 86 was amended by section 80(6)(a) and 80(6)(b) of the Finance Act 2007, paragraph 26 of Schedule 61(4) to the Finance Act 2009 (c. 10), paragraph 6 of Schedule 40 to the Finance Act 2013, paragraph 8 of Schedule 16(3) to the Finance Act 2016, section 46(6) of the Finance Act 2019, paragraph 5 of Schedule 17 to the Finance Act 2021, paragraph 6 of Schedule 23 to the Finance Act 2021 and paragraph 6 of Schedule 23 to the Finance (No. 2) Act 2023. Section 87 was amended by paragraphs 17(4)(a), 19(3) and 22(5) of Schedule 39(2) to the Finance Act 2004, paragraph 5 of Schedule 22 to the Finance Act 2011 (c. 11), paragraph 4 of Schedule 41 to the Finance Act 2013, paragraph 9 of Schedule 16(3) to the Finance Act 2016, section 46(7) of the Finance Act 2019, paragraph 6 of Schedule 17 to the Finance Act 2021, paragraph 7 of Schedule 23 to the Finance Act 2021 and paragraph 7 of Schedule 23 to the Finance (No. 2) Act 2023.

- (i) in the words before paragraph (a), for “COACS” substitute “co-ownership scheme”;
 - (ii) in paragraph (a), after “scheme” insert “or a Reserved Investor Fund (Contractual Scheme)”;
- (d) after subsection (6) insert—
- “(7) Co-ownership scheme seeding relief may not be claimed where the purchaser is a Reserved Investor Fund (Contractual Scheme) if the scheme—
- (a) has previously claimed such relief, and
 - (b) following that claim ceased, at any time, to be a Reserved Investor Fund (Contractual Scheme).”
- (3) Section 81 (further return where relief withdrawn) is amended as follows—
- (a) in subsection (1)(bb) for “COACS” substitute “co-ownership scheme”;
 - (b) in subsection (1A)(c) for “COACS” substitute “co-ownership scheme”;
 - (c) in subsection (1B)—
 - (i) in paragraph (g) for “COACS” substitute “co-ownership scheme”;
 - (ii) in paragraph (h) for “COACS” substitute “co-ownership scheme”;
 - (d) in subsection (4)(bb)—
 - (i) for “COACS” substitute “co-ownership scheme”,
 - (ii) omit “authorised”, and
 - (iii) in sub-paragraph (i), after “7A” insert “(see section 81ZZA for further provision about Reserved Investor Fund (Contractual Schemes))”.
- (4) After section 81 insert—

“81ZZA Further return where relief withdrawn: Reserved Investor Fund (Contractual Schemes)

- (1) Subsection (3) applies for the purposes of determining under section 81(4)(bb)(i) the day on which the purchaser ceases to be a relevant contractual scheme in cases where—
 - (a) the purchaser is a Reserved Investor Fund (Contractual Scheme),
 - (b) the purchaser ceases to be such a scheme as a result of breaching a qualifying condition, and
 - (c) a cure period applied in respect of the breach (but the breach was not rectified before the end of that period).
- (2) Subsection (3) applies also for the purposes of determining under section 81(4)(bb)(i) the day on which the purchaser ceases to be a relevant contractual scheme in cases where—
 - (a) the purchaser is a Reserved Investor Fund (Contractual Scheme), and
 - (b) the purchaser ceases to be such a scheme as a result of failing to meet a qualifying condition at the end of a grace period on which the scheme had relied.
- (3) The date on which the purchaser ceases to be a relevant contractual scheme is the last day of the cure period or (as the case may be) grace period.
- (4) Where—
 - (a) the purchaser is a Reserved Investor Fund (Contractual Scheme), and

- (b) the purchaser ceases to be such a scheme as a result of paragraph (3) of regulation 42 of the Co-ownership Contractual Schemes (Tax) Regulations 2024 applying in relation to the scheme,

for the purposes of section 81(4)(bb)(i), the date on which the purchaser ceases to be a relevant contractual scheme is the date on which that paragraph first applies in relation to the scheme.

- (5) In this section—

“cure period” means—

- (a) a period allowed for rectifying a breach of a restriction condition under regulation 29 of the Co-ownership Contractual Schemes (Tax) Regulations 2024 (and such a period applies in respect of a breach if, in relation to the breach, the operator of the scheme notifies HMRC in accordance with that regulation of the intention to rely on a cure period in relation to the breach);
- (b) the period of 30 days allowed for rectifying a breach of the non-close condition under regulation 23(4) of those Regulations;

“grace period”, in relation to a scheme, means a period during which regulation 33(2) or 34(2) of those Regulations applies in relation to the scheme;

“qualifying condition” has the meaning it has in those Regulations.”.

- (5) In section 86 (payment of tax)—

- (a) in subsection (2)(bb) for “COACS” substitute “co-ownership scheme”;

- (b) in subsection (5)—

- (i) omit the “and” at the end of paragraph (a), and

- (ii) after paragraph (b) insert “, and

- (c) regulation 40 of the Co-ownership Contractual Schemes (Tax) Regulations 2024 (application to defer payment of tax on appeal against revocation of RIF entry notice).”

- (6) Section 87 (interest on unpaid tax) is amended as follows.

- (7) In subsection (1A), after “(c)” insert “or section 87A(4)”.

- (8) In subsection (3)(a)—

- (a) after sub-paragraph (iia) insert—

- “(iia) paragraph 13 of Schedule 7A (co-ownership scheme seeding relief) (except in a case to which section 87A(4) applies),”;

- (b) for sub-paragraph (iib) substitute—

- “(iib) paragraph 17 or 18 of that Schedule.”.

- (9) In subsection (3)(azc) and (azd) for “COACS” substitute “co-ownership scheme”.

- (10) In subsection (4), after “81(4)” insert “(except in a case to which section 87A(8) applies)”.

- (11) After section 87 insert—

“87A Interest on unpaid tax: Reserved Investor Fund (Contractual Schemes)

- (1) Subsection (4) applies to determine the relevant date for the purposes of section 87(1A) in a case where—

- (a) an amount is payable because relief is withdrawn under paragraph 13 of Schedule 7A (co-ownership scheme seeding relief), and

- (b) subsection (2) or (3) applies.
- (2) This subsection applies where—
 - (a) the purchaser is a Reserved Investor Fund (Contractual Scheme),
 - (b) the purchaser ceases to be such a scheme as a result of breaching a qualifying condition (and this causes relief to be withdrawn),
 - (c) a cure period applied in respect of the breach (but the breach was not rectified before the end of that period), and
 - (d) the effective date of the relevant land transaction falls within the cure period.
 - (3) This subsection applies where—
 - (a) the purchaser is a Reserved Investor Fund (Contractual Scheme),
 - (b) the purchaser ceases to be such a scheme as a result of failing to meet a qualifying condition at the end of a grace period on which the scheme had relied (and this causes relief to be withdrawn), and
 - (c) the effective date of the relevant land transaction falls within the grace period.
 - (4) The relevant date is the effective date of the relevant land transaction.
 - (5) Subsection (8) applies to determine the date of the disqualifying event for the purposes of section 87(3)(a) in a case—
 - (a) falling within section 87(3)(a)(iib), and
 - (b) to which subsection (6) or (7) applies.
 - (6) This subsection applies where—
 - (a) the purchaser is a Reserved Investor Fund (Contractual Scheme),
 - (b) the purchaser ceases to be such a scheme as a result of breaching a qualifying condition (and this causes relief to be withdrawn),
 - (c) a cure period applied in respect of the breach (but the breach was not rectified before the end of that period), and
 - (d) the effective date of the relevant land transaction falls outside the cure period.
 - (7) This subsection applies where—
 - (a) the purchaser is a Reserved Investor Fund (Contractual Scheme), and
 - (b) the purchaser ceases to be such a scheme as a result of regulation 42(3) of the Co-ownership Contractual Schemes (Tax) Regulations 2024 applying in relation to the scheme.
 - (8) The date of the disqualifying event—
 - (a) in relation to a case to which subsection (6) applies, is the date on which the breach mentioned in (6)(b) first occurs;
 - (b) in a case to which subsection (7) applies, is the date on which the RIF first ceased to meet the UK property rich condition in regulation 26 of the s Regulations 2024 for the purposes of regulation 42(1) of those Regulations.
 - (9) In this section—
 - “cure period” means—

- (a) a period allowed for rectifying a breach of a restriction condition under regulation 29 of the Co-ownership Contractual Schemes (Tax) Regulations 2024 (and such a period applies in respect of a breach if, in relation to the breach, the operator of the Reserved investor Fund (Contractual scheme) has notified HMRC in accordance with that regulation of the intention to rely on a cure period);
 - (b) the period of 30 days allowed for rectifying a breach of the non-close condition under regulation 23(4) of those Regulations;
- “grace period”, in relation to a scheme, means a period during which regulation 33(2) or 34(2) of those Regulations applies in relation to the scheme;
- “qualifying condition” has the meaning it has in those Regulations.
- (10) In this section references to the relevant land transaction are references to the land transaction to which the withdrawal of relief concerned relates.”.

Seeding relief: amendments to Schedule 7A

11.—(1) Schedule 7A of FA 2003 (PAIF seeding relief and COACS seeding relief)(a) is amended as follows.

- (2) For the heading of the Schedule substitute “Seeding relief”.
- (3) In the heading to Part 2 of the Schedule omit “authorised”.
- (4) In the italic heading before paragraph 10 for “COACS” substitute “Co-ownership scheme”.
- (5) In paragraph 10—
 - (a) in sub-paragraph (1) for “COACS” substitute “co-ownership scheme”,
 - (b) in sub-paragraph (2) omit “authorised”,
 - (c) in sub-paragraph (4) omit “authorised”, and
 - (d) after sub-paragraph (5) insert—
 - “(5A) But condition D is met in a case where the purchaser is a Reserved Investor Fund (Contractual Scheme) only if an entry notice has been made in respect of the scheme on or before the effective date.
 - (5B) In sub-paragraph (5A), “entry notice” has the meaning it has in the Co-ownership Contractual Schemes (Tax) Regulations 2024.”
- (6) In paragraph 11—
 - (a) in sub-paragraph (1)(a) omit “authorised”,
 - (b) in sub-paragraph (2) omit “authorised”, and
 - (c) in sub-paragraph (3)(a) for “COACS” substitute “co-ownership scheme”.
- (7) In paragraph 12—
 - (a) in sub-paragraph (1) for “COACS” substitute “co-ownership scheme”,
 - (b) in sub-paragraph (2)—
 - (i) for “COACS” substitute “Co-ownership scheme”, and
 - (ii) omit “authorised”,
 - (c) in sub-paragraph (3)—

(a) Schedule 7A was added by paragraph 4 of Schedule 16(2) to the Finance Act 2016.

- (i) for “COACS” substitute “Co-ownership scheme”, and
 - (ii) omit “authorised”, and
- (d) in sub-paragraph (4) for “COACS” substitute “Co-ownership scheme”.
- (8) In the italic heading before paragraph 13 omit “authorised”.
- (9) In paragraph 13—
 - (a) in sub-paragraph (1)—
 - (i) for “COACS” substitute “co-ownership scheme”, and
 - (ii) omit “authorised”,
 - (b) in sub-paragraph (2) omit “authorised”,
 - (c) in sub-paragraph (3) for “COACS” substitute “co-ownership scheme”, and
 - (d) in sub-paragraph (4) omit “authorised”.
- (10) In the italic heading before paragraph 14, after “met” insert “by COACS”.
- (11) In paragraph 14—
 - (a) before sub-paragraph (1) insert—
 - “(A1) This paragraph applies where co-ownership scheme seeding relief has been allowed in respect of a transaction (“the relevant transaction”) entered into by—
 - (a) a co-ownership authorised contractual scheme, or
 - (b) a Reserved Investor Fund (Contractual Scheme) that has since become a co-ownership authorised contractual scheme.”,
 - (b) in sub-paragraph (1) in the words before paragraph (a), for the words from “COACS” to “and” substitute “, in relation to the relevant transaction,”, and
 - (c) in sub-paragraph (3), for “COACS” substitute “co-ownership scheme”.
- (12) In paragraph 15—
 - (a) after sub-paragraph (1) insert—
 - “(1A) Sub-paragraphs (2) to (9) apply where the relevant transaction was entered into by a co-ownership authorised contractual scheme.
 - (1B) Sub-paragraph (8A) applies where the relevant transaction was entered into by a Reserved Investor Fund (Contractual Scheme) that has since become a co-ownership authorised contractual scheme.”, and
 - (b) after sub-paragraph (8) insert—
 - “(8A) A co-ownership authorised contractual scheme which at the time of the relevant transaction was a Reserved Investor Fund (Contractual Scheme) meets the genuine diversity of ownership condition at any time that the scheme—
 - (a) meets the genuine diversity of ownership condition under regulation 22(2) or (3) of the Co-ownership Contractual Schemes (Tax) Regulations 2024 (but not solely by virtue of regulation 33 of those Regulations), or
 - (b) meets the non-close condition under regulation 23(2) of those Regulations (but not solely by virtue of regulation 33 of those Regulations).”
- (13) In paragraph 16—

- (a) in sub-paragraphs (1), (2) and (3) for “COACS” in each place it occurs substitute “co-ownership scheme”,
 - (b) in sub-paragraph (4) omit “authorised”,
 - (c) in sub-paragraph (5) for “COACS” substitute “co-ownership scheme”, and
 - (d) in sub-paragraph (10) for “COACS” substitute “co-ownership scheme”.
- (14) In paragraph 17—
- (a) in sub-paragraph (1)(a) omit “authorised”,
 - (b) in sub-paragraph (2)(a) for “COACS” substitute “co-ownership scheme”,
 - (c) in sub-paragraph (5) in the definition of “SDLT” for “COACS” substitute “co-ownership scheme”, and
 - (d) in sub-paragraph (6)—
 - (i) in the definition of “relevant seeding transaction” omit “authorised”,
 - (ii) in the definition of “seeding transaction” for “COACS” substitute “co-ownership scheme”, and
 - (iii) in the definition of “the value of V’s investment in the scheme” omit “authorised”.
- (15) In paragraph 18—
- (a) in sub-paragraph (1)(a) for “COACS” substitute “co-ownership scheme”,
 - (b) in sub-paragraph (3) omit “authorised”, and
 - (c) in sub-paragraph (5) for “COACS” substitute “co-ownership scheme”.
- (16) In paragraph 19(1) and (4) omit “authorised”.
- (17) In paragraph 20—
- (a) in each place it occurs, omit “authorised”, and
 - (b) in paragraph (a) of the definition of “units in the co-ownership authorised contractual scheme”, for “COACS” substitute “scheme”.
- (18) In paragraph 21—
- (a) for ““COACS seeding relief”” substitute ““co-ownership scheme seeding relief””,
 - (b) in the definition of “co-ownership authorised contractual scheme”, after “(2),” insert “(2A),”, and
 - (c) in the definitions of “non-qualifying individual”, “operator”, “portfolio test”, “relevant disposal” and “seeding period” omit “authorised”.

Application of amendments

12. The amendments made by this Chapter have effect in relation to any land transaction the effective date of which is on or after the date that this Part comes into force.

Chapter 5

Income Tax (Trading and Other Income) Act 2005

Personal portfolio bonds: the property categories

13. In section 520 of ITTOIA 2005(a)—

- (a) Section 520 was amended by paragraph 534 of Schedule 1(2) to the Income Tax Act 2007 (c. 3), paragraph 469 of Schedule 1(2) to the Corporation Tax Act 2010, paragraph 8 of Schedule 1 to the Financial Services Act 2012 (Consequential Amendments) Order 2013 (Order 2013/636), regulation 2 of the Personal Portfolio Bonds (Amendment

- (a) in the table in subsection (2), in the entry in the second column corresponding to the entry “Category 9” in the first column, after “scheme” insert “or a Reserved Investor Fund (Contractual Scheme)”, and
- (b) in subsection (4), at the appropriate place, insert—

““Reserved Investor Fund (Contractual Scheme)” has the meaning given by section [x] of F(No.2)A 2024.”

Chapter 6

Corporation Tax Act 2010

Real Estate Investment Trusts

14.—(1) CTA 2010(a) is amended as follows.

(2) In section 528(4A) (conditions for company), after paragraph (ba) insert—

“(bb) a person acting on behalf of a Reserved Investor Fund (Contractual Scheme) (within the meaning of section [x] to F(No.2)A 2024);”.

(3) In paragraph (a) of section 535A(7A) (disposals of rights or interests in UK property rich companies), after “Act” insert “, or is a Reserved Investor Fund (Contractual Scheme) (within the meaning of section [x] of F(No.2)A 2024)”.

Chapter 7

Investment in offshore funds

Interpretation: Chapter 7

15. In this Chapter—

- (a) “non-reporting fund”, “reportable income”, “reported income” and “reporting fund” have the same meanings as in the Offshore Funds (Tax) Regulations 2009(b);
- (b) “information reporting date”, in relation to an accounting period, means the date 6 months after the end of the accounting period.

Investments in reporting offshore funds

16.—(1) This regulation applies if a RIF(c) has made an investment for its purposes in a reporting fund.

(2) The excess (if any) of the reported income of the reporting fund in respect of the investment over the amount distributed by the reporting fund in respect of that investment is treated for income tax and corporation tax purposes as additional income of the participants in the RIF in proportion to their rights in the RIF.

(3) If the reporting fund does not make a report available in accordance with regulation 90(5) of the Offshore Funds (Tax) Regulations 2009—

of Property Categories in Section 520 of the Income Tax (Trading and Other Income) Act 2005) Regulations 2017 (S.I. 2017/1182) and section 10 of the Finance (No. 2) Act 2017.

- (a) Section 528 was amended by paragraph 4(3) of Schedule 4 to the Finance Act 2012, regulation 2(2) of the Real Estate Investment Trust (Amendments to the Corporation Tax Act 2010 and Consequential Amendments) Regulations 2014 (S.I. 2014/518), paragraph 2 of Schedule 3 to the Finance Act 2022 and paragraphs 2, 3 and 4 of Schedule 7 to the Finance Act 2024 (c. 3). Section 535A was added by paragraph 115 of Schedule 1(2) to the Finance Act 2019 and the section was amended by paragraph 9 of Schedule 7 to the Finance Act 2024.
- (b) Relevant amending instruments are S.I. 2011/1211, 2013/1411 and 2017/240. “Non-reporting fund” is defined in regulation 4(2), “reportable income” in regulation 63(4), “reported income” in regulation 92(2) and “reporting fund” in regulation 50 of those Regulations.
- (c) “RIF” is defined as a Reserved Investor Fund (Contractual Scheme) in section [x] to the Finance (No. 2) Act 2024.

- (a) the operator of the RIF must estimate the amount of excess (if any) of the reportable income of the reporting fund in respect of the investment over the amount distributed by the reporting fund in respect of that investment, and
- (b) the estimated amount is treated for income tax and corporation tax purposes as additional income of the participants in the RIF in proportion to their rights in the RIF.

(4) Where paragraph (3) applies, in the first accounting period in which the operator has sufficient information to accurately determine the amount of any excess estimated under that paragraph, the operator must make any necessary corrections by adjusting the estimated amount for that accounting period.

(5) The additional income is treated as arising on the information reporting date in respect of the accounting period in which the excess is treated as made under the Offshore Funds (Tax) Regulations 2009.

Investments in non-reporting offshore funds: first case

17.—(1) This regulation applies if—

- (a) a RIF has made an investment for its purposes in a non-reporting fund, and
- (b) the conditions in paragraph (2) are met for an accounting period.

(2) The conditions are that—

- (a) the RIF has access to the accounts of the non-reporting fund,
- (b) the RIF has sufficient information about the non-reporting fund to enable it to prepare a computation of reportable income for the fund, and
- (c) the RIF can reasonably expect to rely on continued access to that information for the period in which it will hold the investment in the fund.

(3) The amount that would be the excess, if any, of the reportable income of the non-reporting fund in respect of the investment over the amount distributed by the non-reporting fund in respect of that investment is treated for income tax and corporation tax purposes as additional income of the participants in the RIF in proportion to their rights in the RIF.

(4) The additional income is treated as arising on the information reporting date in respect of the accounting period to which the excess relates.

Investments in non-reporting offshore funds: second case

18.—(1) This regulation applies if a RIF has made an investment for its purposes in a non-reporting fund, but the conditions in regulation 17(2) are not met for an accounting period.

(2) The increase in fair value of the investment in the non-reporting fund in that period is treated for income tax and corporation tax purposes as additional income of the participants in the RIF in proportion to their rights in the RIF.

(3) Decreases in the fair value of that interest in earlier accounting periods may be set against the increase referred to in paragraph (2) to reduce the amount of the increase, but—

- (a) not to below zero, and
- (b) only to the extent that the decreases in fair value have not previously had the effect of reducing the amount of a fair value increase.

(4) The additional income is treated as arising on the information reporting date in respect of the accounting period in which the fair value increase arises.

(5) In this regulation “fair value” in relation to an interest in a non-reporting fund means the amount which, at the time the value is to be determined, is the amount for which the interest could be exchanged between knowledgeable and willing parties dealing at arm’s length.

PART 3
Reserved Investor Fund (Contractual Schemes): general
Chapter 1
Interpretation

Interpretation: Part 3

19. In this Part—

“depository”, in relation to a co-ownership scheme, has the meaning given by section 237(2) of FISMA 2000;

“disposal”, in relation to an asset, has the same meaning as in TCGA 1992;

“F(No.2)A 2024” means the Finance (No.2) Act 2024;

“FISMA 2000” means the Financial Services and Markets Act 2000;

“the operator”, in relation to a co-ownership scheme, has the meaning given by section 237(2) of FISMA 2000 (see paragraph (aa) of that definition);

“participant”, in relation to a co-ownership scheme, is to be read in accordance with section 235 of that Act;

“qualifying conditions” is to be read in accordance with regulation 20(3);

“restriction conditions” is to be read in accordance with regulation 24(2);

“restriction requirement” is to be read in accordance with regulation 24(1).

Chapter 2
Qualifying conditions

Qualifying conditions

20.—(1) Paragraph (2) sets out conditions (in addition to those in section [x] of F(No.2)A 2024) that a co-ownership scheme must meet in order to be a RIF.

(2) Those conditions are that—

- (a) the scheme is UK-based (see regulation 21);
- (b) the scheme meets the genuine diversity of ownership condition (see regulation 22) or the non-close condition (see regulation 23), and
- (c) the scheme meets the restriction requirement (see regulation 24).

(3) In these regulations, the conditions in section [x] of F(No.2)A 2024 and those in paragraph (2) are, together, referred to as the “qualifying conditions”.

A UK-based scheme

21.—(1) This regulation applies for the purposes of regulation 20(2)(a).

(2) A co-ownership scheme is UK-based if—

- (a) the operator and depository of the scheme are bodies corporate incorporated in the United Kingdom which administer their respective affairs in the United Kingdom,

- (b) the operator and depository of the scheme both have a place of business in the United Kingdom, and
- (c) the deed setting out the arrangements which constitute the scheme (see section 235A(3) of FISMA 2000) is made under and governed by the law of England and Wales, Scotland or Northern Ireland and contains a statement to that effect.

Genuine diversity of ownership condition

- 22.**—(1) This regulation applies for the purposes of regulation 20(2)(b).
- (2) A co-ownership scheme which is not part of multi-vehicle arrangements meets the genuine diversity of ownership condition at any time that the scheme meets—
- (a) each of the conditions in regulation 75(2), (3) and (4)(a) of the Offshore Funds Tax Regulations 2009 (“the 2009 Regulations”), or
 - (b) the condition in regulation 75(5) of those Regulations (assuming for this purpose that regulation 75(4)(b) is omitted).
- (3) A co-ownership scheme which is part of multi-vehicle arrangements meets the genuine diversity of ownership condition at any time that the scheme meets, or the arrangements meet, each of the conditions mentioned in paragraph (2)(a) or the condition mentioned in paragraph (2)(b).
- (4) The fact that (for any reason) the capacity of a co-ownership scheme, or multi-vehicle arrangements, to receive investments is limited does not prevent regulation 75(3) of the 2009 Regulations (including as it applies for the purposes of regulation 75(5) of those Regulations) from being met for the purposes of this paragraph.
- (5) But paragraph (4) does not apply if—
- (a) the limited capacity of the scheme, or the arrangements, to receive investments is fixed by the documents of the scheme or the arrangements (or otherwise), and
 - (b) a pre-determined number of specific persons, or specific groups of connected persons, make investments in the scheme, or the arrangements, that collectively exhausts all, or substantially all, of that capacity.
- (6) In this paragraph “multi-vehicle arrangements” means arrangements comprising two or more collective investment schemes (as defined in section 235 of FISMA 2000) under which an investor in one of those schemes would reasonably regard that investment as an investment in the arrangements as a whole rather than exclusively in any particular scheme.
- (7) The 2009 Regulations have effect for the purposes of this paragraph as if references in the regulations to a fund were references to a co-ownership scheme and included—
- (a) references to multi-vehicle arrangements, and
 - (b) references to a co-ownership scheme which is not an offshore fund.
- (8) For the purposes of paragraph (5), terms used in that paragraph and in regulation 76 of the 2009 Regulations have the meanings they have in that regulation.

Non-close condition

- 23.**—(1) This regulation applies for the purposes of regulation 20(2)(b).
- (2) A co-ownership scheme meets the non-close condition at any time that were it a company—
- (a) it would not be a close company in accordance with the rules in Chapter 2 of Part 10 of CTA 2010, or
 - (b) it would be a close company but only because it has a qualifying investor as a direct or indirect participant.

- (3) Paragraph (4) applies where a co-ownership scheme—
- (a) ceases to meet the non-close condition for a period of no more than 30 days, and
 - (b) meets the condition again at the end of that period.
- (4) Where this paragraph applies, the failure to meet the condition is treated for the purposes of this Schedule as if it had not occurred.
- (5) For the purposes of considering whether a co-ownership scheme meets the non-close condition under paragraph (2), the rules in Chapter 2 of Part 10 of CTA 2010 are to be applied as if—
- (a) the scheme were a company,
 - (b) the rights of the participants in the scheme were shares in the company, and
 - (c) the modifications to the rules set out in paragraphs (a) to (e) of paragraph 46(2) of Schedule 5AAA to TCGA 1992 applied.
- (6) In paragraph (2)(b), the following terms have the meaning given in paragraph 46 of Schedule 5AAA to TCGA 1992—
- (a) “direct participator”;
 - (b) “indirect participator”;
 - (c) “qualifying investor”.

Restriction requirement

24.—(1) A co-ownership scheme meets the restriction requirement for the purposes of regulation 20(2)(c) at any time when it meets one or more of the restriction conditions.

- (2) The “restriction conditions” are—
- (a) the non-UK property assets condition (see regulation 25);
 - (b) the UK property rich condition (see regulation 26);
 - (c) the exempt investor condition (see regulation 27).

Non-UK property assets condition

25.—(1) This regulation applies for the purposes of regulation 24(2)(a).

- (2) A scheme meets the non-UK property assets condition if—
- (a) it has no assets which are interests in UK land, and
 - (b) it has no assets that derive 75% or more of their value from UK land, ignoring an interest falling within paragraph (3).
- (3) An interest falls within this paragraph if—
- (a) it is held by a scheme which meets the non-UK real estate condition (see paragraph (4)),
 - (b) it is an interest or right in a collective investment vehicle which—
 - (i) is a company, or is assumed to be a company under paragraph 4 of Schedule 5AAA to TCGA 1992 for the purposes of that Schedule, and
 - (ii) is UK property rich for the purposes of that Schedule (see in particular paragraph 3 of that Schedule), and
 - (c) the interest or right does not constitute a 10% investment in that vehicle.

(4) A scheme meets the non-UK real estate condition at any time if, by reference to the prospectus for the scheme as it has effect at that time, less than 10% of the expected market

value of the scheme's investments is intended to be derived from investments consisting of rights or interests in companies which are UK property rich.

(5) In determining for the purposes of paragraph (3)(c) whether an interest or right constitutes a 10% investment in a vehicle, the rule in paragraph 9 of Schedule 1A to TCGA 1992 is to be applied, but for this purpose—

- (a) paragraph 10 of that Schedule is to be ignored, and
- (b) references to 25% are to be taken as references to 10%.

(6) In sub-paragraph (2)(a) “an interest in UK land” has the meaning it has in section 1C of TCGA 1992.

(7) In paragraph (4) “prospectus”, in relation to a scheme, means any document (however described) which is made available to participants (or potential participants) and which sets out descriptions of the investments to be made, or intended to be made, by the scheme.

(8) Part 2 of Schedule 1A to TCGA 1992 applies for the purpose of determining whether a scheme has an asset that derives 75% or more of its value from UK land for the purposes of sub-paragraph (2)(b), but for those purposes—

- (a) references to the time of the disposal are to be read as if they were references to the time at which the determination is being made, and
- (b) references to a person are to be read as if they were references to a scheme.

(9) In this paragraph references to “UK property rich” are to be read in accordance with Schedule 1A to TCGA 1992.

UK property rich condition

26.—(1) This regulation applies for the purpose of regulation 24(2)(b).

(2) A scheme meets the UK property rich condition if—

- (a) it is UK property rich for the purposes of Schedule 5AAA to TCGA 1992, and
- (b) if the scheme relies on meeting the non-close condition for the purposes of qualifying as a RIF, it also meets the UK tax condition.

(3) A scheme meets the UK tax condition if (were it a company) it would meet the UK tax condition for the purposes of paragraph 13 of Schedule 5AAA to TCGA 1992 (see sub-paragraph (7) of that paragraph), applying those rules as if—

- (a) the scheme were a company, and
- (b) the rights of participants in the scheme were shares in the company.

Exempt investor condition

27.—(1) This regulation applies for the purposes of regulation 24(2)(c).

(2) A scheme meets the exempt investor condition at any time that all of its participants are exempt from tax on gains.

(3) A participant is exempt from tax on gains if—

- (a) any gain accruing in the event of a disposal of the participant's units would be wholly exempt from capital gains tax or corporation tax (otherwise than by reason of residence), or
- (b) the participant holds all of their units pending disposal in the capacity as operator of the scheme.

Change in restrictions conditions met

28.—(1) A RIF's status as a RIF is unaffected by any change in which of the restriction conditions the RIF meets at any time (so long as the RIF continues to meet at least one of those conditions).

(2) But paragraph (3) applies where—

- (a) a RIF's status as such has at any time depended on it meeting the UK property rich condition,
- (b) the RIF ceases to meet that condition at a particular time, and
- (c) on ceasing to meet that condition at that time, the RIF meets the non-UK property assets condition.

(3) Each participant in the RIF is deemed for the purposes of TCGA 1992 to, immediately before the time that the RIF ceases to meet the UK property rich condition, have—

- (a) sold their units in the RIF, and
- (b) reacquired those units,

at their market value at that time.

(4) The operator of a RIF must notify the participants in the RIF and HMRC if there is a change in which of the restriction conditions the RIF meets.

(5) Notices under paragraph (4) must be given in writing and by the end of the period of 30 days beginning with the day on which the change occurs.

Rectification of breach of restriction requirement

29.—(1) This regulation applies where—

- (a) a RIF breaches the restriction requirement,
- (b) the operator of the RIF has given HMRC a notification in relation to the breach in accordance with regulation 38,
- (c) the notification confirms that the RIF intends to rely on a cure period, and
- (d) before the end of the cure period, the breach has been rectified.

(2) The breach is treated for the purposes of these Regulations as if it had not occurred.

(3) But each participant in the RIF is deemed for the purposes of TCGA 1992 to, immediately before the time of the breach have—

- (a) sold their units in the RIF, and
- (b) reacquired those units,

at their market value at that time (and see regulation 43 for provision about the deferral of any deemed gains).

(4) Subject to paragraph (5), the “cure period”—

- (a) in relation to a breach of the restriction condition by virtue of the RIF ceasing to meet the UK property rich condition, is the period of 9 months beginning with the day on which the breach occurred;
- (b) in relation to any other breach of the restriction condition, is the period of 30 days beginning with the day on which the breach occurred.

(5) Where, at any time during the cure period mentioned in paragraph (4)(a) (cure period for breach of UK property rich condition), it becomes apparent to the operator of a RIF that there is no reasonable expectation of the UK property rich condition being met by the end of that period—

- (a) the operator must notify HMRC of that fact, and

- (b) the cure period comes to an end at the end of the day when it became so apparent.
- (6) If, at the end of a cure period in a case to which paragraph (5) does not apply, the breach has not been rectified, the operator of the RIF must notify HMRC of that fact.
- (7) A notice under this regulation must be given in writing and by the end of the period of 30 days beginning with the day mentioned in paragraph (5)(b) or (6).

Chapter 3

Becoming a Reserved Investor Fund (Contractual Scheme)

Timing

- 30.** A co-ownership scheme is a RIF from the beginning of the first day that—
- (a) the scheme meets the qualifying conditions as declared in an entry notice in relation to the scheme, and
 - (b) the entry notice is in force.

Entry notices: general

- 31.—**(1) An “entry notice” means a notice given to HMRC by the operator of a co-ownership scheme, setting out—
- (a) the name of the scheme,
 - (b) the date from which the scheme is, or intends to be, a RIF (which may be a past or future date),
 - (c) a declaration—
 - (i) in the case of a notice in which the date specified for the purposes of sub-paragraph (b) is a past date, that on that date the scheme met the qualifying conditions and continues to meet those conditions (subject to any declaration under regulation 32);
 - (ii) in the case of a notice in which the date specified for the purposes of sub-paragraph (b) is a future date, that on that date the scheme will meet the qualifying conditions (subject to any declaration under regulation 32), and
 - (d) which restriction condition is met by the scheme.
- (2) An entry notice may be made at any time—
- (a) prior to the date specified in the notice for the purposes of paragraph (1)(b), or
 - (b) before the end of the period of 3 months beginning with that date.
- (3) An entry notice comes into force, or is to be treated as having come into force, on the date specified in the notice for the purposes of paragraph (1)(b).
- (4) Once in force, an entry notice continues in force until—
- (a) an exit notice comes into force in relation to the scheme (see regulation 37),
 - (b) the entry notice is revoked under regulation 39 (revocation to safeguard public revenue), or
 - (c) the scheme ceases to be a RIF as a result of ceasing to meet the qualifying conditions.
- (5) An entry notice may not come into force before the date on which this regulation comes into force.

Entry notices: qualifying conditions treated as met for initial period

32.—(1) A co-ownership scheme may, unless it has previously been a RIF, rely on the application of regulation 33 to enable the scheme to meet the qualifying condition in regulation 20(2)(b) (scheme meets genuine diversity of ownership condition or non-close condition) for the purposes of the scheme becoming a RIF.

(2) A co-ownership scheme may, unless it is a scheme that falls within paragraph (3), rely on the application of regulation 34 to enable the scheme to meet the UK property rich condition for the purposes of the scheme becoming a RIF.

(3) A co-ownership scheme falls within this paragraph if the scheme—

- (a) has previously been a RIF,
- (b) has previously been an authorised contractual scheme,
- (c) has participants that have been issued with units in the scheme in return for consideration other than money, or
- (d) forms part of arrangements the main purpose, or one of the main purposes, of which is to obtain a tax advantage.

(4) To rely on the application of regulation 33 as described in paragraph (1), the entry notice made in relation to the scheme must—

- (a) include a declaration that the scheme is relying on the application of that paragraph,
- (b) include a declaration that the operator of the scheme has a reasonable expectation that before the end of the period of 1 year beginning with the date specified in the notice for the purposes of regulation 31(1)(b), the scheme will meet the qualifying condition in regulation 20(2)(b) without relying on the application of regulation 33, and
- (c) set out the steps that the operator of the scheme has taken, or will take, for that purpose.

(5) To rely on the application of regulation 34 as described in paragraph (2), the entry notice in relation to the scheme must—

- (a) include a declaration that the scheme is relying on the application of that paragraph,
- (b) include a declaration that the operator of the scheme has a reasonable expectation that before the end of the period of 1 year beginning with the date specified in the notice for the purposes of regulation 31(1)(b), the scheme will meet the UK property rich condition without relying on the application of regulation 34, and
- (c) set out the steps that the operator of the scheme has taken, or will take, for that purpose.

Diversity of ownership or non-close condition treated as met for initial period

33.—(1) This regulation applies in relation to a co-ownership scheme where the entry notice in relation to the scheme meets the requirements of regulation 32(4).

(2) Where this regulation applies, the scheme is treated as meeting the qualifying condition in regulation 20(2)(b) for the period of 1 year beginning with the date specified for the purposes of regulation 31(1)(b) (date from which the scheme is a RIF).

(3) But if, at any time during the period mentioned in paragraph (2), it becomes apparent to the operator that there is no reasonable expectation of that qualifying condition being met by the scheme by the end of that period—

- (a) the operator must notify HMRC of that fact as soon as reasonably practicable, and
- (b) this regulation ceases to apply in relation to the scheme from the beginning of the day when it became so apparent.

(4) A notice under paragraph (3)(a) must be given in writing and by the end of the period of 30 days beginning with the day mentioned in paragraph (3)(b).

UK property rich condition treated as met for initial period

34.—(1) This regulation applies in relation to a co-ownership scheme where the entry notice in relation to the scheme meets the requirements of regulation 32(5).

(2) Where this regulation applies, the scheme is treated as meeting the UK property rich condition for the period of 1 year beginning with the date specified for the purposes of regulation 31(1)(b) (date from which the scheme is a RIF).

(3) But if, at any time during the period mentioned in paragraph (2), it becomes apparent to the operator that there is no reasonable expectation of the scheme meeting the UK property rich condition by the end of that period—

- (a) the operator must notify HMRC of that fact as soon as reasonably practicable, and
- (b) this paragraph ceases to apply in relation to the scheme from the beginning of the day when it became so apparent.

(4) This regulation is treated as having never applied in relation to the scheme if a prohibited repayment of capital is made to a participant in the scheme at a time—

- (a) which is within the period mentioned in paragraph (2), and
- (b) when, ignoring this regulation, the scheme would not meet the UK property rich condition.

(5) In paragraph (4), a “prohibited repayment of capital”—

- (a) means a payment from the assets of the scheme of an amount which represents, in substance, value derived (directly or indirectly) from a direct disposal of UK land or from the UK land component of an indirect disposal of UK land, and
- (b) includes the accrual of an entitlement to such a payment.

(6) A notice under paragraph (3)(a) must be given in writing and by the end of the period of 30 days beginning with the day mentioned in sub-paragraph (3)(b).

Stamp duty land tax: land transaction on an unauthorised contractual scheme becoming a RIF

35.—(1) For the purposes of Part 4 of FA 2003 (stamp duty land tax), a land transaction is to be treated as having occurred at any time that an unauthorised contractual scheme with chargeable interests becomes a RIF.

(2) In such a case—

- (a) the land transaction is the acquisition of the chargeable interests by the RIF (and, accordingly, the RIF is to be treated as the purchaser of the chargeable interests),
- (b) the effective date of the transaction is the date specified in the entry notice in relation to the RIF under regulation 31(1)(b), and
- (c) the chargeable consideration in respect of the transaction is the market value on that date of the chargeable interests, subject to the rest of this paragraph.

(3) Paragraphs (4) and (5) apply in relation to a RIF that has previously been, and then ceased to be, a RIF before becoming a RIF as described in paragraph (1).

(4) There is no chargeable consideration in respect of the land transaction if between the time that the RIF previously ceased to be a RIF and the effective date of the transaction—

- (a) the scheme has not acquired any chargeable interests, and

- (b) there has been no change to the participants in the scheme during that time.
- (5) If between the time that the RIF previously ceased to be a RIF and the effective date of the land transaction—
 - (a) there has been no change to the participants in the scheme, but
 - (b) the scheme has acquired chargeable interests,the chargeable consideration is the market value on the effective date of those chargeable interests acquired.
- (6) In this regulation—
 - (a) “unauthorised contractual scheme” means a co-ownership scheme that is—
 - (i) not authorised for the purposes of FISMA 2000 by an authorisation order in force under section 261D(1) of that Act, and
 - (ii) not a RIF;
 - (b) other expressions have the meanings they have in Part 4 of FA 2003.

Chapter 4

Ceasing to be a Reserve Investor Fund (Contractual Scheme)

Causes and timing

- 36.—**(1) A RIF ceases to be a RIF as a result of—
- (a) an exit notice in relation to the scheme coming into force,
 - (b) the scheme ceasing to meet one or more of the qualifying conditions, or
 - (c) an entry notice in relation to the scheme being revoked (see paragraph 23).
- (2) In a case falling within paragraph (1)(a) or (c), the RIF ceases to be a RIF from the beginning of the day on which the exit notice comes into force or the entry notice is revoked.
- (3) In a case falling within paragraph (1)(b), the RIF ceases to be a RIF from the beginning of the first day on which it ceases to meet one or more of the qualifying conditions.

Exit notices

- 37.—**(1) The operator of a RIF may give an exit notice for the purpose of ending an entry notice being in force in relation to the scheme.
- (2) An “exit notice” means a notice given to HMRC setting out—
- (a) the name of the scheme, and
 - (b) the date from which the scheme is no longer, or will no longer be, a RIF (which may be a past or future date).
- (3) An exit notice may be made at any time—
- (a) prior to the date specified in the notice for the purposes of paragraph (2)(b), or
 - (b) before the end of the period of 3 months beginning with that date.
- (4) An exit notice comes into force, or is to be treated as having come into force, on the date specified in the notice for the purposes of paragraph (2)(b).

Requirement to notify HMRC if qualifying conditions no longer met

38.—(1) The operator of a co-ownership scheme in respect of which an entry notice is in force must notify HMRC if the scheme ceases, at any time, to meet one or more of the qualifying conditions.

- (2) A notice under paragraph (1) must—
- (a) be given in writing,
 - (b) be given before the end of 30 days beginning with the day on which the scheme ceases to meet the qualifying conditions,
 - (c) set out the qualifying condition that is, or qualifying conditions that are, no longer met and the date on which the scheme ceased to meet the condition or conditions,
 - (d) if the scheme is being wound up, confirm whether regulation 42 applies, and
 - (e) if the scheme is not being wound up, confirm whether the breach is to be rectified within a cure period (see regulation 29) or whether the scheme has ceased to be a RIF.

Revocation of an entry notice

39.—(1) A designated HMRC officer may revoke an entry notice made in relation to a co-ownership scheme if, in order to safeguard the public revenue, the officer considers that it is appropriate to do so.

(2) A revocation under paragraph (1) must be made by notice (a “revocation notice”) given by a designated HMRC officer to the operator of the scheme.

(3) The revocation notice must specify—

- (a) the day on which the entry notice is revoked, and
- (b) the grounds for the revocation.

(4) The operator of the scheme may bring an appeal against the revocation of the entry notice.

(5) The appeal must be made by notice given to the designated HMRC officer during the period of 30 days beginning with the day on which the revocation notice is given.

(6) In the case of an appeal which is notified to the First-tier tribunal (see Part 5 of TMA 1970(a)), the tribunal must not allow the appeal unless it considers that a designated HMRC officer could not reasonably have been satisfied that there were grounds for the revocation.

(7) In this paragraph, “designated HMRC officer” means an officer of HMRC who has been designated by the Commissioners for HMRC for the purpose of revoking entry notices under this paragraph.

Stamp duty land tax: revocation of entry notice and withdrawal of seeding relief

40.—(1) This regulation applies where—

- (a) an entry notice in relation to a RIF has been revoked under regulation 39,
- (b) as a result of that revocation, relief from stamp duty land tax under paragraph 13 of Schedule 7A to FA 2003 (co-ownership scheme seeding relief) has been withdrawn, and
- (c) the operator of the RIF has appealed against the revocation.

(2) The operator of the RIF may—

(a) “TMA 1970” is defined as meaning the Taxes Management Act 1970 (c. 9) in section 71 of the Finance (No. 2) Act 2017.

- (a) first apply by notice in writing to HMRC to postpone the payment of tax chargeable as a result of the withdrawal of relief pending the determination of the appeal;
 - (b) where such an application is not agreed, refer the application for postponement to the First-tier tribunal within 30 days from the date of the document notifying HMRC's decision on the application.
- (3) An application under paragraph (2)(a) must—
- (a) specify—
 - (i) the date (and any reference number) of the revocation notice received under regulation 39,
 - (ii) the date that the appeal against the revocation was made, and
 - (iii) the unique transaction reference number in relation to the further return required under section 81(1)(bb) of FA 2003 in respect of the withdrawal of relief (if the return has been filed by the time the application is made), and
 - (b) be made before the end of the period for filing that further return.
- (4) Any notice given under Schedule 36 to FA 2008 requiring further information in relation to the application must allow the operator at least 30 days from the date of issue of the notice to comply with it.
- (5) HMRC must determine the application and notify the applicant of their decision in writing before the end of the period of 30 days—
- (a) beginning with the day on which the application was made, or
 - (b) if, in relation to the application, one or more notices have been given under Schedule 36 to FA 2008, beginning with the last day on which information must be provided under the last notice given.
- (6) Where the application is refused, the notice must set out—
- (a) the grounds for the refusal, and
 - (b) by when the tax must be paid.
- (7) An application may be refused by HMRC if—
- (a) the conditions for making the application under paragraph (1) are not met,
 - (b) the application does not comply with the requirements of this regulation,
 - (c) the application, or information provided in connection with it, is incorrect,
 - (d) information in respect of the application required to be provided by a notice under Schedule 36 to FA 2008 is not provided within the time specified, or
 - (e) there are tax avoidance arrangements in relation to the transactions to which the withdrawal of seeding relief applies.
- (8) Paragraph 39(5), (7) and (8) and paragraph 40 of Schedule 10 to FA 2003 apply to an application to postpone the payment of tax under paragraph (2) as they apply in relation to an application to postpone the payment of tax under paragraph 39(1) of that Schedule, as if the references to an appeal in paragraph 39(8) and 40 were references to an appeal under regulation 39.
- (9) Where an appeal under regulation 39 is allowed, paragraph 34B(1) of Schedule 10 to FA 2003 (time limit on claim for relief for overpaid tax) does not apply in relation to any claim under paragraph 34(2) of that Schedule in respect of the tax that was chargeable as a result of the withdrawal of relief mentioned in paragraph (1)(b).
- (10) For the purposes of paragraph (7)(e), arrangements are tax avoidance arrangements in relation to a transaction if their main object, or one of their main objects, is the avoidance of

liability to stamp duty land tax (and “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable).

Deemed disposal of units

41.—(1) This regulation applies at any time that a RIF ceases to be a RIF as a result of—

- (a) ceasing to meet a qualifying condition in section [x](1)(b) or (c) of F(No.2)A 2024 (condition that scheme is an AIF and condition that scheme meets the conditions in section 261E(2) and (3) of FISMA 2000),
- (b) ceasing to meet a qualifying condition in regulation 20(2),
- (c) an exit notice being made in relation to the scheme, or
- (d) an entry notice made in relation to the scheme being revoked under regulation 39.

(2) Each participant in the RIF is deemed for the purposes of TCGA 1992 to, immediately before the time that it ceases to be a RIF, have—

- (a) sold their units in the RIF, and
- (b) reacquired those units,

at their market value at that time.

Winding up of a RIF that is UK property rich

42.—(1) Paragraph (2) applies where—

- (a) a deemed disposal of units in a RIF occurs under regulation 41,
- (b) the deemed disposal—
 - (i) is caused by the RIF ceasing to meet the UK property rich condition in regulation 26, and
 - (ii) occurs at a time when the operator of the RIF is taking steps with a view to disposal of all of the assets of the RIF so that it can be wound up, and
- (c) but for paragraph (2), the RIF would cease to qualify as a RIF from the time of the deemed disposal.

(2) It is to be assumed (for all purposes other than regulation 41) that the RIF continues to meet the UK property rich condition.

(3) But if the winding up of the RIF fails to be completed within a reasonable period of time, paragraph (2) is treated as never having applied in relation to the RIF.

Gains accruing on deemed disposals

43.—(1) This regulation applies if a disposal of units is deemed to have been made by a person at any time under regulation 28(3) (disposal on change from meeting UK property rich condition to meeting non-UK assets condition), regulation 29(3) (disposal on rectifying breach) or regulation 41(2) in a case falling within (1)(a) or (b) of that regulation (disposal on ceasing to be a RIF as a result of ceasing to meet qualifying condition).

(2) Any gain (“the deemed gain”) accruing to the person on the disposal is treated as accruing to the person in accordance with the rules set out in this regulation.

(3) If, at the time of the deemed disposal or a subsequent time, the person actually disposes of a unit in the relevant scheme, the appropriate portion of the deemed gain is treated as accruing to the person at the time of the actual disposal.

(4) For this purpose “the appropriate portion” means the proportion which the consideration for the actual disposal bears to the amount of the deemed gain.

(5) If some of the deemed gain has accrued on one or more previous occasions, the appropriate portion is restricted so that, when added to the appropriate portion or portions on the previous occasion or occasions, it does not exceed 100%.

(6) In determining the appropriate proportion, so much (if any) of the consideration for the actual disposal as exceeds the amount of the deemed gain is to be ignored.

(7) The remainder of the deemed gain is treated as accruing to the person (unless the whole amount has already accrued)—

- (a) in a case set out in paragraph (8), at the earliest of—
 - (i) the RIF being wound up, or
 - (ii) an exit notice in relation to the RIF coming into force;
- (b) in any other case, the earliest of—
 - (i) the end of the period of three years beginning with the time of the deemed disposal,
 - (ii) the RIF being wound up, or
 - (iii) an exit notice in relation to the RIF coming into force.

(8) The cases referred to in paragraph (7)(a) are—

- (a) a deemed disposal under regulation 29(3);
- (b) a deemed disposal under regulation 41(2) in relation to which paragraph (2) of regulation 42 applies (winding up of a RIF that is UK property rich).

Chapter 5

Accounts

Beginning and end of accounting period

44.—(1) An accounting period of a RIF begins—

- (a) on the date on which the entry notice in relation to the scheme comes into force (see regulation 31(3));
- (b) immediately after the end of the previous accounting period of the scheme, unless that accounting period ended because of an occurrence mentioned in paragraph (2)(c) to (e).

(2) An accounting period of a RIF comes to an end on the first occurrence of any of the following—

- (a) the date to which the scheme makes up its accounts,
- (b) the end of the period of 18 months beginning with the day on which the accounting period began,
- (c) the date on which an exit notice in relation to the scheme comes into force (see regulation 37(4)),
- (d) the date on which the scheme ceases to meet a qualifying condition, or
- (e) the date on which the entry notice in relation to the scheme is revoked under regulation 39.

Preparation of accounts

45.—(1) The accounts of a RIF for an accounting period must be—

- (a) prepared in accordance with the IMA SORP or its principles so far as they relate to determining revenue and capital, and
- (b) audited by a qualified independent auditor as being so prepared.

(2) In this regulation—

“the IMA SORP” means the Investment Management Association’s Statement of Recommended Practice for the Financial Statements of Authorised Funds published in May 2014, as amended from time to time (or any successor statement of recommended practice);

“qualified independent auditor” means a person who—

- (a) is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006 (statutory auditors)(a), and
- (b) if appointed as a statutory auditor, would not be prohibited from acting by section 1214 of that Act (independence requirement).

Chapter 6

Information requirements

Information to be provided to participants

46.—(1) The operator of a RIF must in relation to each accounting period provide sufficient information to participants in the scheme to enable those participants to meet their tax obligations in the United Kingdom with respect to their interests in the scheme.

(2) The information provided must include details of any additional income treated as paid to participants on the information reporting date.

(3) The information must be provided on or before the information reporting date.

(4) In this Chapter, “information reporting date” in relation to a requirement to provide information relating to an accounting period means the date 6 months after the end of the accounting period.

Information to be provided to other RIF or authorised co-ownership scheme

47.—(1) This regulation applies where an investment is made for the purposes of a RIF or authorised co-ownership scheme (the “investor scheme”) through a different RIF (the “investee scheme”).

(2) The operator of the investee scheme must in relation to each accounting period provide sufficient information to the operator of the investor scheme to enable that operator to meet its obligations under—

- (a) regulation 46, where the investor scheme is a RIF, or
- (b) regulation 4 of the Co-ownership Authorised Contractual Schemes (Tax) Regulations 2017(b), where the investor scheme is an authorised co-ownership scheme.

(3) The information must be provided on or before the information reporting date.

Information to be provided to HMRC

48.—(1) The operator of a RIF must in relation to each accounting period provide the following information to HMRC—

- (a) the names and addresses of all the participants in the scheme;
- (b) the number and classes of units in the scheme at the end of the period;
- (c) the amount of income per unit for each class.

(a) 2006 c. 46.
(b) S.I. 2017/1209.

(2) In the case of a RIF which meets the UK property rich condition in regulation 26, the operator must in relation to each accounting period provide the following information to HMRC—

- (a) the total value of all disposals of assets made by the RIF in that period;
- (b) the total difference between the gains and losses relating to the disposal of those assets computed in accordance with Part 2 of TCGA 1992;
- (c) the value of units in the RIF disposed of by each participant in that period;
- (d) the difference between the gains and losses relating to the disposal of units by each participant computed in accordance with Part 2 of TCGA 1992.

(3) The information required under paragraph (1) must be provided on or before the information reporting date.

Further information to be provided to HMRC

49.—(1) HMRC may by notice require the operator of a RIF to, within such time as is specified in the notice, provide HMRC with any information that the operator provided to the participants in the scheme at any time within 5 years prior to the notice being given.

(2) The period of time specified in the notice for giving the information must not be less than 42 days.

Amendment of The Co-ownership Authorised Contractual Schemes (Tax) Regulations 2017

50. The Co-ownership Authorised Contractual Schemes (Tax) Regulations 2017 are amended as follows—

- (a) in regulation 2 (interpretation), at the appropriate place insert—
 - ““Reserved Investor Fund (Contractual Scheme)” has the meaning given by section [x] of the Finance (No.2) Act 2024.”;
- (b) in regulation 3 (interpretation: Part 2)—
 - (i) after “to a CoACS” insert “or a Reserved Investor Fund (Contractual Scheme)”;
 - (ii) after “of the CoACS” insert “or the Reserved Investor Fund (Contractual Scheme)”;
- (c) in the heading to regulation 5, at the end insert “or Reserved Investor Fund (Contractual Scheme)”;
- (d) in regulation 5 (information to be provided to other CoACS), in paragraph (1), after “made for the purposes of a CoACS” insert “or Reserved Investor Fund (Contractual Scheme)”;
- (e) in regulation 8 (penalty for failing to provide information)—
 - (i) in paragraph (1), for “£60” substitute “£100”;
 - (ii) in paragraph (2), for “£600” substitute “£1000”.

Chapter 7

Further provision about notices, information and applications

Further provision about notices, information and applications

51. HMRC may, by notice, published in such manner as HMRC consider appropriate—

- (a) make further provision about the content of notices given, and applications made, to HMRC under this Part, and

- (b) give directions as to how notices and information are to be given, and applications are to be made, to HMRC under this Part.

Chapter 8

Penalties for failure to give information or notice

Penalties for failure to give information or notice

52.—(1) The operator of a RIF who fails, without reasonable excuse, to comply with a requirement to give information under regulation 46, 47 or 48 is liable to a penalty of £100 in respect of each failure.

(2) But, in respect of multiple failures in connection with the same accounting period the total amount of penalties imposed on an operator under paragraph (1) must not exceed £1,000.

(3) The operator of a RIF who fails, without reasonable excuse, to comply with a requirement to give information under regulation 49 is liable to a penalty not exceeding £1,000.

(4) The operator of a RIF who fails, without reasonable excuse, to comply with a requirement to give a notice under this Part is liable to a penalty not exceeding £3,000.

(5) If an operator becomes liable to a penalty under paragraph (1), (3) or (4) an officer of HMRC must—

- (a) assess the penalty, and
- (b) notify the operator.

(6) The assessment must be made within the period of 12 months beginning with the day on which an officer of HMRC first becomes aware that the operator is liable to the penalty.

(7) The operator may, by notice, appeal against a decision of an officer of HMRC that the penalty is payable.

(8) Notice of appeal under paragraph (7) must—

- (a) specify the grounds of appeal, and
- (b) be given to the officer of HMRC who notified the operator, within 30 days of that notification.

(9) A penalty under paragraph (4) must be paid before the end of the period of 30 days beginning with—

- (a) the day on which the operator was notified of the penalty, or
- (b) if notice of appeal against the penalty is given, the day on which the appeal is finally withdrawn or determined.

Chapter 9

Umbrella schemes

Umbrella schemes: general

53.—(1) This Part applies in relation to umbrella co-ownership schemes and umbrella RIFs with the modifications set out in this Chapter.

(2) In this Chapter—

“umbrella co-ownership scheme” means a co-ownership scheme—

- (a) which provides arrangements for the separate pooling of the contributions of the participants and the profits and income out of which payments are to be made to them, and

- (b) under which the participants are entitled to exchange rights in one pool for rights in another;

“umbrella RIF” means an umbrella co-ownership scheme which is a RIF;

“sub-scheme”, in relation to an umbrella co-ownership scheme or an umbrella RIF, means the arrangements constituting the scheme or RIF so far as they relate to a separate pool of property (and references to participants in relation to a sub-scheme are references to participants in those arrangements).

Umbrella schemes: restriction requirement

54.—(1) An umbrella co-ownership scheme meets the restriction requirement under regulation 24 at any time when each sub-scheme of the scheme meets at least one of the restriction conditions.

(2) Accordingly, references to a co-ownership scheme in regulations 25 to 27 are to be read as if they were references to a sub-scheme of the umbrella co-ownership scheme.

(3) Regulation 28 (change in restriction conditions met) applies as if—

- (a) it provided that an umbrella RIF’s status as a RIF is unaffected by virtue of a change in which of the restriction conditions any of its sub-schemes meets at any time (so long as each sub-scheme continues to meet at least one of those conditions),
- (b) paragraph (3) applied where—
 - (i) a RIF’s status as such has at any time depended on one of its sub-schemes meeting the UK property rich condition,
 - (ii) the sub-scheme ceases to meet that condition at a particular time, and
 - (iii) on ceasing to meet that condition, it meets the non-UK property assets condition, and
- (c) references to a RIF in paragraphs (3) and (4) were references to the sub-scheme.

(4) Regulation 29 (rectification of breach of restriction condition) applies as if—

- (a) the reference in paragraph (1)(a) to a RIF breaching the restriction requirement were a reference to an umbrella RIF breaching the restriction requirement as a result of a sub-scheme of the RIF ceasing to meet at least one of the restriction conditions, and
- (b) references to a RIF in paragraphs (3) to (6) were references to the sub-scheme.

Umbrella schemes: becoming a Reserved Investor Fund (Contractual Scheme)

55.—(1) Regulation 31 (entry notices) applies in relation to an umbrella co-ownership scheme as if the requirement in paragraph (1)(d) were a requirement to set out which restriction condition is met by each of the sub-schemes of the umbrella co-ownership scheme.

(2) Regulation 32(2) applies as if it provided for an umbrella co-ownership scheme to rely on the application of regulation 34 (as modified below) to enable a sub-scheme of the scheme to meet the UK property rich condition for the purposes of the scheme becoming a RIF (but this is subject to paragraph (4)).

(3) In such a case—

- (a) the requirements of regulation 32(5) apply as if references to the scheme in paragraphs (a) to (c) were references to the sub-scheme, and
- (b) regulation 34 applies as if references to a co-ownership scheme were references to a sub-scheme of an umbrella co-ownership scheme (except for those references that relate to an entry notice in relation to the scheme).

(4) An umbrella co-ownership scheme may not rely on regulation 34 in relation to a sub-scheme of the scheme if—

- (a) the scheme has previously been a RIF,
- (b) the scheme has previously been an authorised contractual scheme,
- (c) the sub-scheme has participants that have been issued with units in the sub-scheme in return for consideration other than money, or
- (d) the scheme, or any of its sub-schemes, form part of arrangements the main purpose, or one of the main purposes, of which is to obtain a tax advantage.

Umbrella schemes: ceasing to be a Reserved Investor Fund (Contractual Scheme)

56.—(1) Regulation 42 does not apply in relation to an umbrella RIF.

(2) Paragraph (3) applies where a sub-scheme ceases to meet the UK property rich condition at a time when the operator of the sub-scheme is taking steps with a view to disposal of all the assets of the sub-scheme so that it can be wound up.

(3) Where this paragraph applies—

- (a) regulation 41 does not apply,
- (b) each participant in the sub-scheme is deemed for the purposes of TCGA 1992 to, immediately before the time that it ceases to meet the UK property rich condition, have—
 - (i) sold their units in the sub-scheme, and
 - (ii) reacquired those units,at their market value at that time, and
- (c) for all other purposes, it is to be assumed that the sub-scheme continues to meet the UK property rich condition.

(4) But if the winding up of the sub-scheme fails to be completed within a reasonable period of time, paragraph (3) is treated as never having applied.

Name

Name

Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations set out tax rules for a new type of investment fund, the Reserved Investor Fund (Contractual Scheme) (“RIF”), and its investors. In addition, they make minor changes to the tax rules for Co-ownership Authorised Contractual Schemes (“CoACS”), a similar type of investment fund.

Part 2 introduces new tax rules for RIFs mainly by amending existing primary legislation related to CoACS to extend the application of those provisions to RIFs, or where relevant, modifying the application of provisions applying to CoACS and RIFs. The changes address issues that are relevant for RIFs, but also affect CoACS and ensure consistency of application between the two regimes.

Part 3 sets out supplementary qualifying conditions for a RIF (in addition to the conditions contained within [section 20 of the Finance (No.2) Act 2024 (c. *)], entry and exit provisions, accounting provisions, information requirements, penalties for failure to give information or requisite notice and umbrella scheme provisions.

A Tax Information and Impact Note covering this instrument was published on 6 March 2024 alongside the Spring Finance Bill 2024 and is available on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. It remains an accurate summary of the impacts that apply to this instrument.